Dear Chairman Powell and Secretary Mnuchin:

Over the past month, the coronavirus pandemic has presented serious challenges to the health of our country and the stability of our economy. The Federal Reserve and Treasury have taken unprecedented steps to intermediate in the financial markets, providing critical liquidity and financing to nearly every sector of the economy. We thank you for your tireless efforts to calm the markets during this volatile time and encourage you to take further action to stabilize the municipal bond market to ensure state and local governments have access to needed financing.

As you may know, state and local governments contribute more than twice as much to U.S. GDP as the Federal Government, and they fund approximately two-thirds of our nation's infrastructure. Their access to the $3.8 trillion municipal bond market allows for the building of schools, roads, and community health centers across our nation. Unfortunately, over the past month, the municipal bond market has experienced a level of stress not seen in over a century – by some metrics worse than both the Great Depression and the 2008 financial crisis – causing significant strain on the ability of state and local governments to raise funding.

In a typical week, state and local governments issue between $8-10 billion in new bonds; however, the unprecedented and quickly deteriorating dislocation in the market has resulted in approximately one-third of such issuances in recent weeks, creating more than $35 billion in backlogged issuances to date. Yields on municipal bonds have been driven to levels never before seen in relation to U.S. Treasuries of similar maturities and investors in the secondary market have redeemed their bond holdings at record-breaking speed. It is critical the Federal Reserve and Treasury take steps to ensure our state and local governments, who are on the front lines fighting this novel virus, have access to the resources they need to fully serve our communities.

We appreciate the Federal Reserve's actions, with the Treasury's support, to intermediate in the short-term municipal market and to provide needed cash flow support to states and municipalities facing tax collection delays and strains on revenue sources. These needed actions support an important but relatively small component (approximately 5 percent) of the current market. To further support the needs of state and local governments, it is critical the Federal Reserve stands up a facility (or facilities) to purchase medium and long-term municipal securities publicly issued in the secondary market and directly from issuers. With more than 95 percent of municipal bonds having terms between 1 and 30 years, this is a segment of the market that should not be ignored. These efforts should also be extended to meet the needs of rural, suburban, and urban communities.

As you know, through the CARES Act, Congress directed the Federal Reserve and Treasury to utilize a portion of the $454 billion for the Treasury's Exchange Stabilization Fund to serve the financing needs of state and local governments. It is our hope that with such actions by the Federal Reserve and Treasury to stabilize the municipal debt market combined with a turning of the tide on the state of the pandemic, the need for government intervention will be limited and we will soon return to normal market operations

We urge you to follow through on Congress' legislative intent and recommend providing at least an additional $35 billion of these CARES Act funds to support the municipal secondary market, and fully re-open the municipal primary market.

We appreciate your attention to this important issue and ask that you act swiftly to provide this needed support to the municipal bond market and the communities it serves.

Sincerely,